

Message Text

UNCLASSIFIED

PAGE 01 TEL AV 02519 281331Z

41

ACTION XMB-04

INFO OCT-01 NEA-09 ISO-00 AID-05 CIAE-00 COME-00 EB-07

FRB-01 INR-07 NSAE-00 TRSE-00 OPIC-06 SP-02 CIEP-02

LAB-04 SIL-01 OMB-01 AGR-10 /060 W

----- 075812

R 281308Z APR 75

FM AMEMBASSY TEL AVIV

TO SECSTATE WASHDC 6438

UNCLAS TEL AVIV 2519

E.O. 11652: N/A

TAGS: BPRO, IS

SUBJ: AGRICULTURAL EQUIPMENT FINANCING

REF: A) STATE 84257; B) STATE 59618; C) TEL AVIV 1905

1. ISRAEL BANK OF AGRICULTURE ACTS NEITHER AS DEALER/DISTRIBUTOR NOR AGENT IN STRICTEST SENSE OF THESE TERMS, BUT RATHER AS INTERMEDIARY BETWEEN FOREIGN FINANCIAL INSTITUTIONS SUCH AS EXIMBANK AND END-USERS OF AGRICULTURAL EQUIPMENT. IBA'S LOAN TRANSACTIONS INVOLVING EXIMBANK ARE CONDUCTED WITH THE INDUSTRIAL DEVELOPMENT BANK OF ISRAEL (IDBI).

2. IBA COMBINES ORDERS FROM END-USERS, IE, KIBBUTZIM, MOSHAVIM AND PRIVATE FARMERS AND THEN APPLIES TO IDBI FOR CFF FINANCING. IDBI PASSES SAME TERMS GRANTED BY EXIMBANK TO IBA. SUBSEQUENTLY IBA MAKES SUBLOANS TO END-USERS ON SAME OR IF NECESSARY BETTER TERMS AS THOSE PASSED BY IDBI. IBA SUBLOANS ARE NOT MADE TO AGENTS OR DISTRIBUTORS.

3. TOTAL LOAN CHARGE PAID BY END-USER INCLUDES APPROXIMATELY 9.5 PER CENT TO EXIMBANK AND THE PARTICIPATING FINANCIAL INSTITUTION, 7 PER CENT DEVALUATION INSURANCE, AND 1.75 PER CENT TO CI. OF LATTER, IBA GETS 1 PERCENT AND IDBI 0.75 PER CENT. NO ADDITIONAL CHARGES ARE BORNE BY END-USER. RISK AND RESPONSIBILITY FOR SUBLOANS ARE BORNE BY IBA.

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 TEL AV 02519 281331Z

4. RE PARA 2 REFTTEL A) ISRAEL DOES NOT HAVE OVERALL AGRICULTURAL DEVELOPMENT PLAN AND DOES NOT FOLLOW TECHNIQUE OF RIGID PLANNING PERIODS. HOWEVER, PLANS ARE DEVELOPED FROM TIME TO TIME FOR VARIOUS SEGMENTS OF AGRICULTURE AND ARE REVISED IN ACCORDANCE WITH ACTUAL DEVELOPMENTS. OBJECTIVE IS TO REMAIN FLEXIBLE, THUS MAINTAINING ABILITY TO RAPIDLY ADAPT TO CHANGING CIRCUMSTANCES. FOR EXAMPLE, CHANGES IN EUROPEAN MARKET FOR EGGS AND GRAPEFRUIT NECESSITATED CHANGES IN ISRAEL PRODUCTION OF THESE PRODUCTS. MORE RECENTLY, HIGH COST OF FUEL CAUSED TREND AWAY FROM USE OF HEATED GREEN-HOUSES AND THUS SUBSTITUTION OF FIELD-GROWN CARNATIONS AND GLADIOLI FOR HOT-HOUSE ROSES.

5. CAPITAL INVESTMENT WILL BE MUCH EMPHASIZED IN FUTURE BECAUSE OF NEED FOR CONTINUED HIGH AGRICULTURAL PRODUCTIVITY, SHORTAGE OF LABOR, AND LACK OF WATER. ESTIMATED REQUIRED INVESTMENT IN DEVELOPMENT OF WATER RESOURCES FOR 1975-1985 AMOUNTS TO IL6.5 BILLION (\$1.00 EQUAL IL6.00). ESTIMATED INVESTMENT IN AGRICULTURAL PRODUCTION AND INFRASTRUCTURE, (NOT INCLUDING WATER) TOTALS IL 10 BILLION FOR DECADE. LATTER INVESTMENT DESTINED FOR EXPORT CROPS, IMPORT SUBSTITUTES AND REGIONAL AGRICULTURAL ENTERPRISES.

6. IMPORTS OF AGRICULTURAL MACHINERY FOR ABOVE INVESTMENT ESTIMATES FORECASE AT ABOUT \$14 MILLION ANNUALLY. LAST YEAR, US SUPPLIED APPROXIMATELY 35 PER CENT OF ALL AGRICULTURAL MACHINERY NOT INCLUDING LARGE EARTH MOVING EQUIPMENT IN WHICH US IS DOMINANT.

7. AS PRIME ALLOCATOR OF FUNDS FOR AGRICULTURAL DEVELOPMENT, IBA IS CENTRAL AND LARGEST FINANCIAL INSTITUTION IN THIS FIELD; IT REPRESENTS APPROXIMATELY 60 PER CENT OF TOTAL LONG AND MEDIUM TERM FINANCING IN AGRICULTURAL PROJECTS IN ISRAEL.
VELIOTES

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 28 APR 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975TELAV02519
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750148-0696
From: TEL AVIV
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t1975049/aaaaaivw.tel
Line Count: 93
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION XMB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 75 STATE 84257, 75 STATE 59618, 75 TEL AVIV 1905
Review Action: RELEASED, APPROVED
Review Authority: ShawDG
Review Comment: n/a
Review Content Flags:
Review Date: 09 JUL 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <09 JUL 2003 by maginmm>; APPROVED <10 FEB 2004 by ShawDG>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: AGRICULTURAL EQUIPMENT FINANCING
TAGS: BPRO, IS
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006